

DOTHAN EAGLE EDITORIAL

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A broken PACT?

Few Americans have escaped the ill effects of the sinking economy. Bad times have a way of triggering a domino effect: The stock market has been volatile for some time, and remains so, devaluing retirement accounts and investments. Spending slows, business suffers, workers are laid off and the cycle continues.

Add to the mix the mortgage debacle, which, in part, has brought the banking industry to the brink of failure, and the tightening credit market, and things look even more grim.

And now many Alabama families who thought their wise sacrifices ensured their childrens' futures are facing some jarring news.

About 48,000 Alabama families have paid hundreds of millions of dollars into the state's prepaid college tuition program. The program was sold with the idea that parents would pay a specified amount either in a lump sum or during a number of years, and when their child reached college age, the program would provide four years of tuition and mandatory fees at a public university in Alabama.

The investment model for the program assumed a return of 9 percent per year on investments and a 7.25 percent annual increase in tuition.

Since September 2007, that's fallen apart. Tuition has increased by greater degrees than anticipated, and the program's investments have lost 45 percent of their value.

The board that oversees the program is working with higher education officials to consider options to keep the program afloat. Both parties must explore every possibility.

What's at stake is not the financial well-being of risk-takers, but parents who bought into the surest investment they could — their own children's futures.